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INFORMATION REPORT
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CD NO.

COUNTRY Korea/China

DATE DISTR. 16 FEB 50

SUBJECT Smuggling Between South Korea and China

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SUPPLEMENT TO
REPORT NO.

1. Smuggling trade has been carried on for some time between Inchon (126-38, 37-28), South Korea, and Antung and Shihtao (122-25, 36-53), Shantung Province, China.* Most of the commerce was handled by Chinese residents of the Seoul and Inchon areas, but a few Koreans were also involved. Traffic was carried in small sailing vessels, owned by the Chinese, with a capacity of fifteen or sixteen persons.
2. About July 1949, new restrictions on ships entering and leaving Inchon caused the smugglers to abandon the harbor as a base and transfer operations to Kunsan (126-42, 36-00). The increased restrictions were imposed because of the large number of Chinese trying to enter Korea illegally in order to escape from the Chinese Communists.
3. With the move to Kunsan, the former smugglers from Inchon and Seoul have begun to work with Chinese around Kunsan. Almost no Koreans are now concerned with the traffic because of the difficulty of trading with the Chinese after arrival at Antung or Shihtao. The present procedure is to load goods during the day and take the ship out of the harbor either through bribery of officials or under cover of night. The trip to Antung, with a favorable wind, requires about three or four days. When shipping is good, more than ten vessels a month embark from Kunsan.
4. Passenger fares on the smuggling run are 45,000 to 50,000 won, which also pays for the food consumed during the voyage. In commodities, the principal articles smuggled are, from China to Korea, bean oil, peanut oil, material for clothing and other consumer goods. To China, the traffic includes electrical appliances, American-made medicines, scallops, beche-de-mer, gasoline, motor oil, and gold. Gold, purchased in Korea for 8,000 won per mome (a unit of weight equivalent to 3.75 grams), can be sold in Manchuria for 12,000 to 13,000 won per mome; it is generally exchanged for bean oil at that rate. The principal demand for gold comes from wealthy Chinese who believe that the Communist regime will be of short duration and are unwilling to acquire local Communist currency.**

CLASSIFICATION

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5. A passenger desiring to enter China illegally from South Korea was told that he could obtain passage for 45,000 won on a ship leaving Kunsan within a few days to return to its home port of Antung. The vessel remained in Kunsan for nearly two weeks and finally departed secretly during the night, not for Antung but for Shihtao, because of an unexplained change of schedule. Traders in Kunsan stated that there were vessels leaving that port monthly for Shantung.

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* ~~SECRET~~ Comment. Smuggling operations between Inchon and Shihtao were reported in ~~SECRET~~

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** ~~SECRET~~ Comment. Under the Communist regime, circulation of gold and its possession except in the form of ornaments have been prohibited.